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30 June 1953

PROBABLE DEVELOPMENT OF SOVIET BLOC AND  
WESTERN POWER POSITIONS

To forecast the probable relative development of the Soviet Bloc and Western power positions over the next 15 years, with a view to estimating whether or not time is on our side, is obviously fraught with danger. There are so many accidental or unpredictable factors which will materially affect the world situation during the next 15 years that any precise prediction is likely to be overtaken by events. There is no unequivocal answer to the question, "Is time on our side?"

However, it is possible to appraise in general terms our likely power position with respect to the Bloc if present trends continue and if various major alternative developments do or do not come to pass. Moreover, by examining the impact of some of these alternatives, we can at least establish certain significant factors which might alter present trends.

Let us consider first the economic factors --

The Soviet Bloc The present over-all economic strength of the Soviet Bloc is far less than that of the Western Powers. In

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terms of gross national product (GNP), the 1952 output of the entire Bloc was estimated to have been about one-third that of the Western states. For some years, assuming a continuation of present policies and programs, the rate of growth of the Soviet economy will almost certainly remain higher than that of any major Western state. The past rapid rate of growth, which we estimate averaged 7-8 percent in 1948-1952, is already leveling off, however, and the annual rate toward the end of the 15-year period is unlikely to exceed 3-4 percent. Even so, total Soviet GNP will probably almost double within the next 15 years, while the Bloc GNP as a whole will increase around 75 percent.

Bloc economic capabilities to wage war are likely to increase substantially. The bloc will probably continue to place great emphasis on the development of heavy industry, and in particular on military production, despite some concessions to internal demands for increased consumer goods production. Bloc self-sufficiency, already great, will

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probably become more nearly complete.

These projections could, of course, be invalidated by other factors such as a prolonged struggle for power or internal dissension in the Soviet Bloc, or a relaxation in the forced pace of heavy industrial development. The difficulty of rapidly increasing the industrial labor force in the USSR and the probable lag in agricultural production may also prove serious limiting factors on general economic growth. On the other hand, the application of known scientific developments to Bloc agriculture would permit greater increases in Bloc agricultural production and the release of agricultural labor for other uses.

Further, should current efforts to expand trade with the West be prolonged, growing imports from the West could increase significantly the Bloc's economic potential. Soviet aims in this trade effort are apparently those of supplementing bloc production of industrial commodities still in short supply and of making available within the USSR a somewhat larger

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quantity of consumer goods. More realistic Soviet negotiating tactics are bringing greater pressure to bear on the US-sponsored controls on strategic items. How well these controls can weather prolonged Soviet attack, especially of the type recently noted, is open to conjecture.

The West It is more difficult to estimate the probable economic growth of the Western Powers. The freer and less closely integrated Western economies are more vulnerable to economic fluctuations and trends in international trade than are those of the Bloc. Furthermore, the Western Powers will continue to face much greater difficulties than the Soviet Bloc in allocating and directing their resources toward cold war objectives and peacetime preparations for a shooting war. Their ability (and desire) to impose peacetime sacrifices will be less. The problems of agreeing on common objectives and devising effective policies among nations of different and sometimes divergent interests will remain difficult to overcome.

While the Bloc GNP will probably increase at a higher

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percentage rate than that of the Western Powers, the GNP of the West is already so much greater than that of the Bloc that in spite of its slower rate of growth the absolute gap between the two will actually widen. Thus the West will remain for the indefinite future greatly superior to the Soviet Bloc in total economic strength.

This superiority may to some degree be nullified by the Bloc's ability to devote a higher percentage of its resources both to the cold war and to peacetime military preparations than the West. Moreover, as will be indicated, the continuing economic superiority of the West, although important, may not be the ruling factor in determining whether time is on our side.

Next we shall consider the probable scientific capabilities of the West and the Soviet Bloc:

The over-all scientific assets of the West, including numbers and quality of trained personnel, facilities, and equipment, are now far greater than those of the Soviet Bloc, and almost certainly will remain greater over the next 15 years. However,

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the USSR is expending great efforts to reduce this disparity, and is likely to narrow the gap. This estimate holds true even though the Western Powers probably will produce more basic scientific advances, and will continue, in general, to be better able to translate prototypes into quantity production of high quality. Should the Bloc concentrate excessively on the solution of short-term military and economic problems, the range of its fundamental research and the probability of basic scientific advances would be diminished.

The power relationships between the Soviet Bloc and the West could be changed during the period of this estimate by any major technological breakthrough by either side, but such a development is unpredictable. The relatively rapid development of the atomic bomb by the US in the years following the last war is an example of such a development.

As regards the military capabilities of the West vis-a-vis the Bloc, we believe that throughout the next 15 years the West will maintain a substantial absolute advantage in

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reduce this advantage. Before the end of the period of this estimate both the US and USSR will possess a sufficient stockpile of atomic and possibly thermonuclear weapons to cripple the other side, if delivered on targets. The US, if it has not already acquired this number of weapons, will have this capability before the USSR. We cannot now estimate the time at which the USSR will attain it.

It is likely that within the period of this estimate each side will also have the means of delivery with which to cripple the other, unless developments in defensive weapons and techniques bring about a substantial improvement over present defensive capabilities. At this point the world will have entered a period in which both of the great power blocs have the capacity to cripple the other, though only at grave risk of crippling blows in return, and in which the disparity between their offensive atomic capabilities will be much less significant for strategic bombardment. Unless it attained complete strategic surprise or achieved an unforeseen technological

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breakthrough, we believe that neither side would be able to prevent powerful retaliation in kind. The net result of these developments is that the US will no longer, as in the past, have time to mobilize its arms and resources after the initial assault has been made and will thus lose the inestimable strategic advantage of relative invulnerability to quick attack.

The continuing superiority of the Western over the Soviet atomic capabilities will represent a considerable impact on the relative military capabilities of the two sides, because of the expanding tactical uses of atomic weapons. The ability to make tactical use of the bomb will continue to be important to the West in meeting threats of local cold war aggression. The West will increase substantially its relative power position in the cold war if it can develop local military capabilities in key areas around the Bloc periphery. Moreover, attainment of the capability to defend Western Europe and Japan against Soviet attack in the event of general war would significantly improve the Western position in such a war.

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Probable political trends in the Soviet Bloc Political

and social trends, which are very difficult to estimate over so long a period as the next fifteen years, will have an important, and perhaps controlling effect on the relative power positions of the Bloc and the West. It is possible that a struggle for control within the Kremlin during this period might cause a retraction and decay of Soviet power. At present we see no indications that the economic and military bases of Soviet power have been affected by Stalin's death.

Nevertheless, the new regime is most certainly not now and cannot for some years be as firmly established as its predecessor. The present leaders appear to be trying out new policies not attempted by Stalin. A severe setback to some of these policies in critical areas (such as the recent German rioting) could have repercussions in the Kremlin affecting the top leadership. The Kremlin faces a dilemma in implementing its new conciliatory policy—over extension of the latter can result in further difficulties with long-repressed populations.

On the other hand, a reimposition of the iron-handed rule  
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characteristic of the Stalin regime can also bring on economic and political unrest.

In this connection, Beria's absence from a 27 June performance at the Bolshoi Theatre attended by other Presidium members may be significant. There is speculation that he may be forced to take the rap for security failures during the East German riots. His failure to appear with his cohorts is by no means a conclusive indication that he has lost face or power. We are, however, watching the situation very closely for other signs which might clarify his status.

In any case we believe it unsafe to assume that over the next 10-15 years the Soviet regime will lose its stability or the Bloc its cohesion. While the more flexible policies of the post-Stalin regime and the modest relaxation of tight Soviet controls may permit periodic overt manifestations of discontent behind the Iron Curtain, over the long run these very policies may also tend to lengthen the Kremlin's lease on power.

The possibility exists that Communist China may attempt, to play an increasingly independent role. Should this potential

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weakness develop into a break between the two chief Communist states, it would be a major loss to Soviet power.

Trends in the political and social strength and cohesion of the West Because of the greater diversity of the looser Western coalition and the variety of forces at play within it, we find it even more difficult to project probable trends in Western strength and cohesion as they affect the global balance of power. However, at no time in the foreseeable future will the Western Powers be likely to attain the centralized control, unity of action, and ability to mobilize their resources characteristic of the totalitarian Soviet Bloc. In general, they will probably continue to be more subject to internal conflicts, economic fluctuations, and divisive influences than the Bloc. Much will depend on the role played by the US as the acknowledged leader of the Western coalition.

As the only single aggregation of resources outside the US itself comparable to the Soviet Bloc, Western Europe plays a major role in the world power balance. Its continued weaknesses,

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constitute a major vulnerability of the Western Powers. Its acquisition by the Bloc would be a tremendous increment to Soviet power. The reappearance of a strong and viable Western Europe, including Germany, would substantially decrease Western vulnerability and alter the present power relationship between the Soviet Bloc and the West to the advantage of the latter.

On the other hand, we see many obstacles to the achievement of this objective. We believe that a primary concern of the Kremlin over the coming period will be to frustrate the development of a viable and defensible Western Europe. In this effort the Kremlin will almost certainly concentrate on the key to the European situation, the German problem.

A shift in Soviet policy on Germany might lead the Germans and our NATO allies to accept a united, armed, and neutral Germany, and thus introduce a new factor of great significance into the world power balance. Such a development, if accepted by NATO, would not necessarily weaken the Western position.

A rearmed and neutral Germany would act as a buffer state, and if the Germans were to abandon neutrality, we believe that they

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would be more likely to align themselves with the West than  
with the Bloc.

In the Far East the emergence of a rearmed, anti-Communist  
Japan would be a major asset in restoring the strategic balance.  
However, the degree of future Japanese cooperation with the US  
will depend largely on the extent to which the Western alignment  
not only meets Japan's needs for security and foreign markets  
but also satisfies its expectations for economic and military  
aid and for treatment as an equal.

A major difficulty facing the West is represented by the  
extreme political and social instability of the underdeveloped  
areas of the Middle and Far East and Africa. Profound social  
changes in progress in these areas, entailing disorder, in many  
cases, render them vulnerable to Communist influences. The  
overtones of this political and social revolution are anti-  
Western, creating an additional obstacle to our utilization of  
the resources of these regions. The consequent danger to the  
Western position is acute in some areas of Southeast Asia and  
the Middle East.

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None of these areas is likely to develop into an important center of power during the period of this estimate, but their loss would nevertheless be a serious blow to the West. For example, the loss of Indochina, which is possible, would probably result in eventual loss of most of mainland Southeast Asia. This in turn would lead to worsened prospects for stability in the Indian subcontinent, and to greatly increased difficulties in maintaining the pro-Western orientation of Japan.

A Communist takeover in Iran, which is also possible, would jeopardize the already unstable Western position in the Middle East. Current Soviet gestures seem aimed at orienting Iran towards the USSR. Mossadeq, however, aware that the USSR is a traditional threat, probably considers that continuation of a neutral policy will best serve Iran's interest. Having successfully forced the British out he probably has no fear of being out-maneuvered in negotiating with the USSR. Mossadeq has also often insisted that he is fully capable of handling the Tudeh.

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\$12,000,000 worth of gold seized by the USSR during World War II, (2) ostensibly settle all border disputes, and (3) provide for increased trade between the two countries would be generally considered in Iran as an outstanding political victory for Mossadeq. If these settlements were accompanied by or dependent upon a non-aggression pact Mossadeq would probably be willing to accept. He probably would also be willing to accept Moscow's minimum price, removal of the American military missions.

On the other hand, the trend toward greater instability and vulnerability to Communist influence in the underdeveloped areas is not irreversible. Western control or influence is still paramount in these areas. Over the next 10-15 years the US and its allies still have the opportunity to undertake actions which might arrest this trend and maintain that influence.

Possible effects of a Kremlin shift to soft tactics We

believe that a prolonged Kremlin shift to more moderate tactics would also present a real challenge to further growth in the military strength and the cohesion of Western Powers. To

date the US has succeeded in creating and partially rearming

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defense coalition under the impetus of an acute Soviet threat. Should this threat appear to diminish, it will be difficult to maintain the support of Western peoples for continued rearmament, close integration of national policies, and vigorous anti-Communist efforts. The likelihood of divisions among the Western Powers, especially if encouraged by skillful Kremlin action, would markedly increase. It might lead, over the longer run, to some of our allies adopting more neutral positions, or even to the creation of a European "Third Force." On the other hand, a decrease of cold war tensions might allow many Western countries to concentrate on domestic needs and to devote more resources to meeting their own economic and social problems. It is possible, however, that a rearmament slow-down would instead lead to unemployment of manpower and resources, which would serve Soviet purposes.

A prolonged relaxation of tensions might also have an adverse effect on the cohesion and vitality of the world Communist apparatus and hence on the Soviet power position. Soviet leaders are under some compulsion to pursue an aggressive policy in order

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to preserve the Communist ideology as a vital force. Any pronounced subduing of the irreconcilable hostility motif might serve to further soften the rank-and-file of foreign Communist parties, and to breed restlessness in countries under Kremlin control. Moreover, without keeping active the concept of permanent conflict between Communists and non-Communists Moscow might have difficulty in maintaining voluntary adherence of "socialist states" (e.g., Communist China and Viet Minh).

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Is Time On Our Side?

We believe that the Soviet Bloc under present policies and programs will over the next 10-15 years decrease the proportion by which its economic and technological capabilities are inferior to those of the West and will acquire sufficient atomic capabilities to cripple the US. Therefore, although the West will probably retain a sizable margin of superiority, we believe that in these respects time must be said to be on the Soviet side.

In other respects, time may be on the side of the West. The West's military capabilities will increase during the next fifteen years if conventional rearmament programs and tactical applications of unconventional weapons enhance its present defensive capabilities in overseas areas.

Trends can be identified on both sides which might undermine each side's political stability and cohesion. We cannot predict, however, that these trends will have such effects and certainly we cannot say that they would do so within the period of this estimate.

(a) Trends now seem to be running against the West

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in the under-developed areas. If these trends cannot be arrested, the consequent growth of instability and Communist influence in these areas may eventually have serious effects on the economic stability and pro-Western orientation of Western Europe and Japan.

(b) While there is no reason at this time to predict the Bloc's decay or collapse, the possibility exists of certain changes adverse to its present strength and stability. Internal rigidity may deprive the USSR of that flexibility and vitality which contribute to a political system's survival and growth. Alternatively, the Kremlin may decide to modify and relax its previous policies, only to find that this relaxation adversely affects continuing Soviet economic growth, satellite stability, and Sino-Soviet cohesion. It would be unsafe, however, to assume that the problems which are inherent in the Soviet system will of themselves reach critical proportions within the next fifteen years. Unless new strains appear or result from outside action the totalitarian nature

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of the Soviet system and the Kremlin's pervasive control or influence over its Bloc partners will continue to provide it with many advantages over the less cohesive coalition led by the US.

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